

Message Text

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ACTION EB-08

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FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 3963

UNCLAS SECTION 1 OF 2 CANBERRA 6120

STATE PASS ELECTRONICALLY TO AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, ETRD, AS

SUBJ: GARLAND SPEECH ON MTN NEGOTIATIONS

1. AGATTACHE ATTENDED AUSTRALIAN NATIONAL RURAL PRESS CLUB LUNCHEON AUGUST 2 WHICH WAS ADDRESSED BY R.V. GARLAND, ACTING MINISTER FOR TRADE AND RESOURCES AND MINISTER FOR SPECIAL TRADE REPRESENTATIONS. GARLAND'S ADDRESS ENTITLED "THE MULTILATERAL TRADE NEGOTIATIONS, WHAT HAS HAPPENED AND WHERE ARE THEY HEADING." HIGHLIGHTS OF ADDRESS, PARTICULARLY AS THESE RELATE TO AGRICULTURE WERE AS FOLLOWS.

2. AFTER COVERING BRIEF HISTORY AND OBJECTIVES OF TOKYO ROUND, GARLAND STATES AUST. PARTICULAR OBJECTIVES WERE TO "IMPROVE CONDITIONS OF TRADE FOR ALL AUST. EXPORTS, MANUFACTURES, MINING AND AGRICULTURAL PRODUCTS, BUT NATURALLY, WITH SPECIAL EMPHASIS ON AGRICULTURE WHICH PROVIDES ABOUT HALF OUR TOTAL EXPORTS. SPECIFIC OBJECTIVES FOR AGRICULTURE ARE:

(1) IMPROVEMENT IN ACCESS, BY REDUCTION OF IMPORT BARRIERS, PARTICULARLY THOSE OF THE NON-TARIFF KIND, SUCH AS VARIABLE
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LEVIES, QUANTITATIVE RESTRICTIONS, SUBSIDIES, STATE TRADING AND THE LIKE;

(2) IMPROVED RULES FOR AG TRADE, PARTICULARLY NEW DISCIPLINES TO CONSTRAIN EXPORT SUBSIDIZATION OF AG. PRODUCTS;

(3) COMMODITY ARRANGEMENTS IN APPROPRIATE CASES WHICH CAN

HELP IRON OUT FLUCTUATIONS IN PRODUCER INCOMES, BUT, ANY SUCH ARRANGEMENTS MUST ALSO RECOGNIZE THE PRINCIPLE OF ACCESS FOR EFFICIENT PRODUCERS."

3. GARLAND THEN REFERRED TO THE JULY 15, "CRUNCH" DATE SET BY THE BIG THREE, U.S. EEC AND JAPAN AT WHICH TIME THE ESSENTIAL POLITICAL DECISIONS BUT NOT ALL THE TECHNICAL TRADE NEGOTIATIONS, WOULD BE COMPLETED. IN THE EVENT, WHILE IMPORTANT PROGRESS WAS MADE, THE IMPORTANT POLITICAL DECISIONS WERE NOT MADE BY CERTAIN OF THE IMPORTANT NEGOTIATING PARTICIPANTS AND THERE WAS INSUFFICIENT PROGRESS MADE TO FORECAST THE NATURE OF THE FINAL PACKAGE.

4. IN REGARD TO THE CAP, GARLAND STATED, "AUSTRALIA HAS NEVER ATTACHED THE PRINCIPLE OF THE CAP. WE ACKNOWLEDGE IT IS THE CORNERSTONE OF THE EEC. WHAT WE HAVE SOUGHT IS MODIFICATION AT THE MARGIN TO REMOVE THE EXCESSES WHICH DISADVANTAGE EFFICIENT PRODUCERS IN OTHER COUNTRIES."

5. ON THE STATUS OF AUST. AS A DEVELOPED COUNTRY, GARLAND REMARKED THAT WHAT WAS GOOD FOR OTHER DEVELOPED COUNTRIES WAS OFTEN REGARDED AS BEING GOOD FOR AUSTRALIA. THIS CONCEPT WAS IN ERROR, IN SHARP CONTRAST TO OTHER DEVELOPED COUNTRIES, "AUSTRALIA HAS AN OVERWHELMING DEPENDANCE ON EXPORTS OF AGRICULTURAL AND MINERAL PRODUCTS WHICH ACCOUNTED FOR OVER 75 PERCENT OF OUR TOTAL EXPORTS."

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6. AS TO ISSUES IN THE MTN, AUST. RELIED ON THOSE SECTIONS OF THE TOKYO DECLARATION THAT PROVIDED THAT EFFORTS WERE TO BE MADE TO REDUCE TARIFF AND NON-TARIFF BARRIERS TO TRADE IN BOTH AGRICULTURAL AND INDUSTRIAL PRODUCTS, AND THAT ALL SECTIONS OF THE NEGOTIATIONS WERE TO MOVE FORWARD TOGETHER HOWEVER, FROM THE OUTSET OF THE MTN THERE AROSE A DEEP SEATED DISPUTE WITH THE EEC, SUPPORTED BY JAPAN AND A NUMBER OF OTHER WEST EUROPEAN PARTICIPANTS. THIS WAS BASED ON EEC EMPHASIS ON PARAGRAPH 3E OF THE TOKYO DECLARATION ON THAT BASIS, "THE EEC AND ITS SUPPORTERS HAVE CONTINUALLY EMPHASISED THEIR APPROACH AS BEING STABILIZATION OF (AGRICULTURAL) TRADE". THUS, FROM THE BEGINNING A CONFLICT EMERGED WHICH IS STILL A FUNDAMENTAL ISSUE TO BE RESOLVED THAT BETWEEN LIBERALIZATION OF TRADE COMPARED TO STABILIZATION OF CURRENT PATTERNS OF PRODUCTION AND TRADE WHERE EXISTING RESTRICTIVE AGRICULTURAL POLICIES REMAIN INTACT.

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7. GARLAND DISCUSSED THE MEAT, GRAINS AND DAIRY SUB-GROUPS. INDICATING SOME PROGRESS HAD BEEN MADE, GARLAND ALSO INDICATED THAT MUCH MORE HAD TO BE ACHIEVED FOR A SATISFACTORY OUTCOME. IN REGARD TO MEAT: EEC HAD ADVANCED CONSULTATIVE PROVISIONS AND WHAT THE COMMUNITY CALLED "JOINT DISCIPLINES." HOWEVER, AUST. WILL ONLY EXPLORE WHAT IS APPROPRIATE AND ACHIEVABLE ALONG THE LINES OF THESE CONCEPTS AFTER "SUCCESSFUL BILATERAL TALKS ON BEEF ACCESS COMMITMENTS." DAIRY: OUR PURPOSE IN THE SUB-GROUP IS TO PERSUADE OTHERS THAT THERE SHOULD BE A MINIMUM PRICE ARRANGEMENT FOR CHEESE AS THERE IS FOR OTHER DAIRY PRODUCTS, "WE ARE ALSO PRESSING IN THE CONTEXT OF JOINT DISCIPLINES FOR ACCESS COMMITMENTS FOR AUSTRALIA'S CHEESE IN BIG MARKETS." "GRAIN: GARLAND DESCRIBED STATE OF PLAY, OR LACK OF IT, IN IWA NEGOTIATIONS TO DATE AND STATED, (E)HAVE MADE IT CLEAR THAT ANY NEW AGREEMENT WILL HAVE TO CONTAIN APPROPRIATE PROVISIONS FOR RELIEF OF STOCK-HOLDING OBLIGATIONS IN CERTAIN CIRCUMSTANCES. THIS WILL BE PARTICULARLY IMPORTANT FOR COUNTRIES LIKE AUST. WHICH DO NOT HOLD WHEAT STOCKS AS A MATTER OF POLICY OR PRACTICE."

8. GARLAND THEN DISCUSSED THE REASONS WHY AUSTRALIA DIS-
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ASSOCIATED ITSELF FROM THE JULY 13, "FRAMEWORK OF UNDER-
STANDING ON THE TOKYO ROUND OR MULTILATERAL TRADE NEGOTIATIONS."
CHARACTERIZING THE MEETING THAT PREPARED IT AS "CONVENED BY

AN EXCLUSIVE GROUP, WITHOUT PROPER CONSULTATIONS AND WITHOUT REGARD FOR THE INTERESTS OF ALL OTHER PARTICIPANTS," HE STATED THAT AUSTRALIA HAD NOT BEEN CONSULTED IN ITS PREPARATION, DISAGREED WITH SOME OF THE CONCLUSIONS, AND WOULD NOT BE COMMITTED TO FUTURE NEGOTIATIONS TO SUPPORT IT. AUSTRALIA DID, HE SAID, SUPPORT THE GENERAL THRUST OF THE DOCUMENT.

9. ALTHOUGH GARLAND, IN SPEECH, NOTED TRADE ACT WAIVER ON IMPOSITION OF COUNTERVAILING DUTIES, IN POST-ADDRESS DISCUSSION IN RESPONSE TO QUESTION OF WHAT WEIGHT AUSTRALIA COULD BRING TO BEAR ON EEC AND JAPAN, GARLAND MADE IT CLEAR THAT AUSTRALIA HAD VERY LITTLE WEIGHT AND THAT THE UNITED STATES POSSESSED MOST OF THE LEVERAGE. IN THIS, HE EMPHASIZED THE IMPORTANCE OF THE WAIVER TERMINATION IN JANUARY, 1979. A PARALLEL QUESTION, LINKING ACCESS TO AUSTRALIAN RESOURCES WITH NEGOTIATING GREATER AGRICULTURAL ACCESS, GARLAND AVOIDED ANSWERING AT SOME LENGTH. A FURTHER POST-ADDRESS QUESTION POSED BY EXECUTIVE OFFICER OF AUSTRALIAN NATIONAL CATTLEMEN'S COUNCIL, ASKED IF THERE HAD BEEN GOA DISCUSSION OF TERMINATION OF THE PURCHASE OF DEFENSE EQUIPMENT AGREEMENT WITH THE UNITED STATES AS A RETALITORY MEASURE IN CASE OF COUNTER CYCLICAL MEAT IMPORT BILL BECAME LAW. GARLAND REPLIED WITH A FLAT "NO" AND EXPRESSED THE HOPE THAT AUSTRALIA WOULD NOT HAVE TO DEAL WITH THE PROBLEMS THAT WOULD ARISE FROM THE ENACTMENT OF A COUNTER-CYCLICAL MEAT BILL.

10. COMMENT: GARLAND'S ADDRESS CONTAINED LITTLE NEW REGARDING THE STATE OF PLAY OF MTN NEGOTIATIONS NOR, FOR THOSE THAT HAVE CLOSELY FOLLOWED THOSE EVENTS, AUSTRALIAN AMBITIONS AND ASPIRATIONS IN REGARD TO DESIRED MTN RESULTS. NONETHELESS, UNCLASSIFIED

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IT WAS A MASTERLY AND LOGICAL REVIEW OF AUSTRALIAN OBJECTIVES PARTICULARLY AS THESE RELATE TO AGRICULTURE. IT ALSO DONVEYED A SOMEWHAT GREATER DEGREE OF OPTIMISM AND COMMITMENT TO A SUCCESSFUL MTN THAT WAS THE CASE WITH AUSTRALIAN STATEMENTS PRIOR TO THE RECENT SESSIONS. BUT AT THE SAME TIME, THE EPISODE OF THE PRE-SUMMIT, AS WELL AS POSSIBLY DIFFERING U.S. AND AUSTRALIAN PERCEPTIONS AS TO WHAT CONSTITUTES A SUCCESSFUL AGRICULTURAL PACKAGE, SEEM CLEARLY TO BE DISTURBING TO THE AUSTRALIAN NEGOTIATORS. ALSTON

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